

ST108: Monthly Enforcement Action Summary

March 2013

Effective June 17, 2013, the Alberta Energy Regulator (AER) succeeded the Energy Resources Conservation Board (ERCB). However, note that the actions reported in this summary are those as reported under the ERCB.

For questions, contact AER Inquiries at 1-855-297-8311 or inquiries@aer.ca.

Alberta Energy Regulator
ST108: Monthly Enforcement Action Summary, March 2013

July 2013

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Introduction

This report summarizes information on any High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Demonstrated Disregard), High Risk Enforcement Action (Failure to Comply), Low Risk Enforcement Action (Global Refer or AER Order), or Legislative/Regulatory Enforcement issued against a licensee monthly and is published four months after the enforcement actions are issued.

The table below summarizes the enforcement actions issued by the Energy Resources Conservation Board (ERCB) in March 2013.

Enforcement Action Summary—March 2013

Monthly Enforcement Action Summary					
Compliance Category	High Risk Enforcement Actions	High Risk Enforcement Actions (Persistent Noncompliance)	High Risk Enforcement Actions (Demonstrated Disregard)	High Risk Enforcement Actions (Failure to Comply)	Low Risk Enforcement Actions (Global Refer or AER Order)
Injection/Disposal	3	0	0	0	0
Spacing	4	0	0	0	0
Noncompliance with Liability Management Program Requirements	0	0	0	0	13
Drilling Operations Field Inspections / Investigations	1	0	0	0	0
Gas Facilities Field Inspections / Investigations	8	0	1	0	0
Well Site Inspections Field Inspections / Investigations	1	0	0	1	0
Pipelines Field Inspections / Investigations	12	0	0	0	0
Oil Overproduction	1	0	0	0	0

Legislative/Regulatory Enforcement Actions	
Corporate Status	1
Noncompliance with Abandonment Order	1
Subtotal Enforcement Actions	2

Total Enforcement Actions Issued	
High Risk Enforcement Actions	30
High Risk Enforcement Actions (Persistent Noncompliance)	0
High Risk Enforcement Actions (Demonstrated Disregard)	1
High Risk Enforcement Actions (Failure to Comply)	1
Low Risk Enforcement Actions (Global Refer or AER Order)	13
Legislative/Regulatory Enforcement Actions	2
Total Enforcement Actions Issued	47

[Compliance Categories](#) with no published enforcement actions issued during March 2013 have not been listed here.

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@aer.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Angle Energy Inc.	Field Operations/ Well Site Inspections	Exposed flame from an incinerator.	March 12, 2013	16-16-031-02W5	<p>Operations were not suspended as operations had been completed and the well was already suspended.</p> <p>Licensee changed its operational procedures to prevent noncompliance from occurring again.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
2	Apache Canada Ltd.	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	01-08-070-10W5	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee replaced the process equipment with a larger unit to remove excess CO₂ at the plant.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
3	ARC Resources Ltd.	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	10-36-065-25W5 10-07-067-24W5	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee is installing a flare meter at the 10-36-065-25W5 facility.</p> <p>Licensee will ensure volumes are reported in 10³m³ (rather than m³) from the ultrasonic meter at the 10-07-067-24W5 facility.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
4	Arrow Point Oil & Gas Ltd.	Resources Applications/ Injection/Disposal	<p>Failure to meet conditions of approval (disposal) – High.</p> <p>Comment: Exceeded maximum wellhead injection pressure.</p>	March 5, 2013	03-34-010-15W4	<p>Licence or operations were not suspended as noncompliance had been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
5	Barrick Energy Inc.	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	02-02-069-22W5	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee corrected reporting error.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
6	Bellatrix Exploration Ltd.	Field Operations/ Pipelines	<p>No operations and maintenance procedure manual, or not followed.</p> <p>Cathodic protection system not operational or not installed.</p>	March 19, 2013	03-15-043-10W5	<p>Operations were suspended.</p> <p>Licensee implemented an operations and maintenance procedure manual.</p> <p>Licensee installed a cathodic protection system but has not verified the integrity of the pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
7	Black Shire Energy Inc.	Resources Applications/ Injection/Disposal	Injection or disposal without approval.	March 14, 2013	05-05-038-03W4	<p>Operations were not suspended as the applicable AER requirements state that a suspension is not appropriate for this failure.</p> <p>Licensee corrected the noncompliance within 90 days of approval of transfer.</p> <p>Applicant/licensee has met the corrective actions specified with the AER-accepted action plan.</p> <p>Compliance achieved.</p>
8	Bonavista Energy Corporation	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/ IW without approval.	March 11, 2013	03-02-042-08W5 04-02-042-08W5	<p>Licence/operations were suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
9	Butte Energy Inc.	Regulatory Outcomes and Delivery/ Oil Overproduction	Failure to retire oil overproduction.	March 28, 2013	00/04-35-042-26W4/2	<p>Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee has not retired all overproduction.</p> <p>Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
10	Canadian Natural Resources Limited	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	13-26-067-05W6	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee conducted an investigation and operational check of the flare meters.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
11	Canadian Natural Resources Limited	Field Operations/ Pipelines	No operations and maintenance procedures manual, or not followed.	March 15, 2013	06-24-026-19W4	<p>Operations were suspended.</p> <p>Licensee introduced a safety bulletin that reinforces the need to adhere to the ground disturbance code of practice.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved as AER has not approved the action plan.</p>
12	Cardinal Energy Ltd.	Field Operations/ Pipelines	Operator does not take immediate steps to shut off source of liquid release.	March 4, 2013	14-14-043-02W4	<p>Operations were not suspended as operations were already suspended at the time of failure.</p> <p>Licensee replaced pipeline with a composite line.</p> <p>Licensee will shut in pipeline in common rights-of-way if a pipeline leak occurs.</p> <p>Licensee provided a plan to address the noncompliance and prevent any future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
13	Chinook Energy Inc.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/Unit/Block/Project/GTO/IW without approval.	March 18, 2013	01-02-070-06W6 04-02-070-06W6 06-02-070-06W6 08-02-070-06W6	<p>Licence/operation suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
14	ConocoPhillips Canada Resources Corp.	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	08-24-015-22W4	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee recalibrated and reinstalled flare meters. Licensee to install an additional meter for lower flow rate measurement.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
15	Conserve Oil Corporation	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	March 25, 2013	03-30-038-16W4	<p>Operations were suspended.</p> <p>Licensee will review all areas and ensure that corrosion mitigation is in place where required.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
16	Crescent Point Energy Corp.	Resources Applications/ Injection/Disposal	Injection or disposal without approval.	March 08, 2013	01-36-036-05W4	<p>Licence/operation suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
17	Encana Corporation	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	08-11-060-03W6	<p>Operations were not suspended because suspensions might have caused additional impacts to the environment or public.</p> <p>Licensee reviewed flaring volumes, gas receipts, and operational information.</p> <p>Licensee repaired a valve that caused higher than normal flared volumes.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
18	Kallisto Energy Corp.	Field Operations/ Pipelines	Not left in a safe condition.	March 5, 2013	09-07-030-01W5	<p>Operations were not suspended as licensee shut in operations and isolated the pipeline.</p> <p>Licensee confirmed that the pipelines are shut in and properly discontinued.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
19	Keyera Energy Ltd.	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	16-33-038-22W4 11-22-049-12W5	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee conducted a review of the flaring issues.</p> <p>Licensee increased the report-checking frequency to capture errors and will implement corrective actions in a timely manner.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
20	Long Run Exploration Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/ IW without approval.	March 12, 2013	01-01-058-23W4 01-25-057-23W4 02-01-058-23W4 08-01-058-23W4 10-25-057-23W4 15-25-057-23W4	Licence/operation suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Paramount Resources Ltd.	Field Operations/ Pipelines	Machine working within 60cm without authorization from the owner of the existing crossing.	March 20, 2013	14-33-060-02W6	Operations were suspended. Licensee updated its ground disturbance code of practice to state that the supervisor must be on site to observe any exposure of licensee's underground facility. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
22	Pembina Gas Services	Field Operations/ Pipelines	Machine working within 60cm without authorization from the owner of the existing crossing.	March 18, 2013	08-13-062-06W6	Operations were suspended. Licensee updated its ground disturbance policy and will ensure all personnel are trained on requirements for ground disturbance. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
23	Pembina Gas Services	Field Operations/ Pipelines	Machine working within 60cm without authorization from the owner of the existing crossing.	March 18, 2013	06-06-062-05W6	<p>Operations were suspended.</p> <p>Licensee updated its ground disturbance policy and will ensure all personnel are trained on requirements for ground disturbance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence</p> <p>Compliance achieved.</p>
24	Pembina Pipeline Corporation	Field Operations/ Pipelines	Machine working within 60cm without authorization from the owner of the existing crossing.	March 15, 2013	10-01-063-25W5	<p>Operations were suspended.</p> <p>Licensee updated its ground disturbance policy and will ensure all personnel are trained on requirements for ground disturbance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
25	Peyto Exploration & Development	Field Operations/ Drilling Operations	Spill on lease (in excess of 2m ³) and/or any spill off lease not reported to the AER.	March 15, 2013	16-33-055-21W5	<p>Operations were not suspended. Licensee took appropriate steps to contain and clean up the spill.</p> <p>Licensee will conduct meetings with all parties involved to discuss requirements and protocol for spill reporting.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
26	RIA Resources Corp	Field Operations/ Pipelines	<p>No operations and maintenance procedures manual, or not followed.</p> <p>Internal corrosion control – no records in corrosive environment.</p> <p>External corrosion control/cathodic surveys – no records of survey results.</p> <p>Required function tests not conducted or recorded.</p> <p>Not cleaned/purged and left in a safe condition.</p>	March 20, 2013	<p>06-17-046-27W4 01-26-046-28W4 01-35-046-28W4 07-24-046-28W4 02-17-046-27W4 03-19-046-27W4 05-19-046-27W4</p>	<p>Operations were not suspended because suspending operations would not remove the existing impact to stakeholder confidence.</p> <p>Licensee obtained a third party to review all its properties.</p> <p>Licensee created a Pipeline Operations and Maintenance Manual.</p> <p>Licensee created a Pipeline Integrity Management Program.</p> <p>Licensee abandoned the pipeline and conducted gas and water analysis tests.</p> <p>Licensee to provide a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
27	Spartan Oil Corp.	Field Operations/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 11, 2013	05-35-048-04W5	<p>Operations were not suspended because suspension might have caused additional impacts to the environment or public.</p> <p>Licensee installed an inlet emergency shutdown and control valve.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
28	Tourmaline Oil Corp.	Field Operations/ Pipelines	Failure to notify the AER of a pipeline hit.	March 19, 2013	15-19-050-21W5	<p>Operations were not suspended as the pipeline was a new construction and was not yet in service.</p> <p>Licensee implemented procedures to notify the AER if a hit occurs during ground disturbance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
29	White Ram Resources Ltd.	Field Operations/ Pipelines	Pipeline sign missing or defaced on both sides of crossing.	March 26, 2013	16-27-049-07W5	<p>Operations were not suspended as the pipeline was shut in.</p> <p>Licensee updated warning signs.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
30	Whitecap Resources Inc.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/ IW without approval.	March 12, 2013	18 well licences	<p>Licence/operations were suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (Persistent Noncompliance)²

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
	None					

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High Risk Enforcement Action (Demonstrated Disregard)³

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Shanpet Resources Ltd.	Field Operations/ Oil Facilities	Single-walled underground storage tank not tested within past three years (tank installed prior to January 1, 1996)	March 1, 2013	14-08-026-02W5	<p>Operations were not suspended because the AER received confirmation that the storage tank was removed.</p> <p>Licensee met with AER to discuss action plan and steps taken to address the noncompliance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Licensee required to complete the 180 days compliance period without additional high risk noncompliances in the Oil Facilities compliance category before compliance is achieved.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Shanpet Resources Ltd.	Field Operations/ Well Site Inspections	Spill or release not contained/cleaned up	March 1, 2013	14-08-026-02W5	<p>Operations were not suspended because suspending operations would not have removed the existing impact.</p> <p>Licensee cleaned up the spill.</p> <p>Licensee met with AER to discuss action plan and steps taken to address the noncompliance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Licensee required to complete the 180 days compliance period without additional high risk noncompliances in the Oil Facilities compliance category before compliance is achieved.</p> <p>Compliance not yet achieved.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
1	Barrier Reef Resources Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 12, 2013	13 Well licences Facility licences 16-21-114-06W6 09-05-115-06W6 13-22-115-06W6	<p>This is an escalation from a previous enforcement action issued on February 8, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2013-14 and C 2013-15.</p> <p>Suspension and closure of well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Orders No. AD 2013-40, AD 2013-41, AD 2013-42, and AD 2013-43 were subsequently issued.</p> <p>Bulletin 2013-22 provided additional time to comply with amended abandonment orders.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
2	Blue Horizon Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 14, 2013	01-20-079-22W5 13-10-079-22W5 13-19-079-22W5	<p>This is an escalation from a previous enforcement action issued on February 8, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2013-11.</p> <p>Abandonment of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the wells, • pay the security deposit, and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The AER is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
3	BNP Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-15.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Orders No. C 2013-20 and C 2013-21 were subsequently issued.</p> <p>The AER provided additional time to the licensee to achieve compliance.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
4	Cougar Oil and Gas Canada Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-19.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Orders No. AD 2013-12 to 2013-24 were subsequently issued.</p> <p>Licensee failed to comply. Amended Closure/Abandonment Orders No. AD 2013-12A to 2013-24A were subsequently issued.</p> <p>Licensee failed to comply. The AER is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
5	Cougar Oil and Gas Canada Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 22, 2013	44 well licences 8 facility licences 7 pipeline licences	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Orders No. AD 2013-12, AD 2013-13, AD 2013-14, AD 2013-15, AD 2013-16, AD 2013-17, AD 2013-18, AD 2013-19, AD 2013-20, AD 2013-21, AD 2013-22, AD 2013-23, and AD 2013-24.</p> <p>Abandonment of well, facility, and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well, facility, and pipeline licences and • pay the security deposit. <p>Licensee failed to comply. Amended Closure/Abandonment Orders No. AD 2013-12A to 2013-24A were subsequently issued.</p> <p>Licensee failed to comply. The AER is evaluating further actions.</p>

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to [Inquiries@aer.ca](mailto:Inquiries@ aer.ca).

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
6	Emerald Bay Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	13 well licences	<p>This is an escalation from a previous enforcement action issued on January 10, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2013-12.</p> <p>Suspension and closure of well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Orders No. AD 2013-35, AD 2013-36, AD 2013-37, and AD 2013-38 were subsequently issued.</p> <p>Bulletin 2013-22 provided additional time to comply with amended abandonment orders.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
7	Hansen Drilling Ventures Ltd	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-16.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its security deposit in full and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@aer.ca.

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
8	Lockhart Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	15-32-033-10W4	<p>This is an escalation from a previous enforcement action issued on February 8, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2013-13.</p> <p>Suspension and closure of well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its security deposit in full and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to [Inquiries@aer.ca](mailto:Inquiries@ aer.ca).

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
9	Oil Reserve Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-17.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its security deposit in full, but did not provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
10	Red Mountain Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 7, 2013	Well licence 03-36-019-19W4 Pipeline licence 03-36-019-19W4	<p>This is an escalation from a previous enforcement action issued on January 14, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2013-09 and AD 2013-10.</p> <p>Abandonment of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well and pipeline licences, • pay the security deposit, and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The AER is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
11	Rocket Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 5, 2013	11-34-052-06W4 11-31-049-26W4 07-04-045-03W4	<p>This is an escalation from a previous enforcement action issued on February 11, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2013-11.</p> <p>Suspension and closure of well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Order No. AD 2013-30 was subsequently issued.</p> <p>Licensee failed to comply. The AER is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
12	Sunridge Energy Corp.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-14.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-19.</p> <p>Licensee failed to comply. The AER is evaluating further actions.</p>
13	Top Oil Production Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	March 8, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-18.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its security deposit in full and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to [Inquiries@aer.ca](mailto:Inquiries@ aer.ca).

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
1	Brixton Energy Corp.	Noncompliance with Abandonment Order	Failure to pay the abandonment costs.	March 5, 2013	06-15-082-03W6 10-15-082-03W6 14-28-012-15W4	<p>Global Refer status.</p> <p>Issuance of Abandonment Cost Order No. ACO 2013-02.</p> <p>Licensee is required to pay the costs incurred by the AER for the abandonment of the licensee's AER licensed property, plus 25 per cent penalty.</p> <p>Licensee failed to comply. The AER filed a Writ of Enforcement with the Court of Queen's Bench of Alberta and registered it with the Personal Property Registry of Alberta.</p>

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to [Inquiries@aer.ca](mailto:Inquiries@ aer.ca).

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
2	Vanguard Exploration Corp.	Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	March 22, 2013	Well licences 14-04-029-21W4 06-09-034-21W4 14-04-029-21W4 11-23-054-26W4 Facility licence 14-04-029-21W4	Global Refer status. Issuance of Closure Orders No. C 2013-16 and C 2013-17. Suspension and closure of the well and facility licences. Licensee is required to <ul style="list-style-type: none"> • transfer the licensed properties, • abandon the licensed properties, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. Licensee failed to comply. Abandonment Orders No. AD 2013-31, AD 2013-32, AD 2013-33, and AD 2013-34 were subsequently issued. Licensee failed to comply. The AER is evaluating further actions.

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@aer.ca.

Endnotes

¹ **Directive 019—High Risk Enforcement Action (HREA)**

In accordance with *Directive 019: Compliance Assurance*, the AER initiates an HREA against a licensee if it identifies a high risk noncompliant event(s). To address an HREA, the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 calendar days or in the time specified by the AER group (a licensee may also be required to submit the written action plan and meet with the AER group to discuss both the action plan and the licensee's compliance history); and notify the AER group that it has corrected and addressed the high risk noncompliance. The AER may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects/addressed the noncompliance); suspension and/or cancellation of the permit, licence, or approval.

² **Directive 019—High Risk Enforcement Action (HREA) (Persistent Noncompliance)**

In accordance with *Directive 019: Compliance Assurance*, the AER initiates an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage or number of noncompliant events, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the AER group (the action plan should address the root causes of any previous noncompliance(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, or approval.

A licensee must operate in compliance for a period of 60 calendar days (or in a time specified by the AER) in the same compliance category before achieving overall compliance.

³ **Directive 019—High Risk Enforcement Action (HREA) (Demonstrated Disregard)**

In accordance with *Directive 019: Compliance Assurance*, the AER initiates an HREA (Demonstrated Disregard) against a licensee if the licensee knows or should know about a high risk noncompliant event(s) but does not act to correct and address the noncompliance(s). The AER assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting in the noncompliance(s) (any suspension of operations must not occur if it will increase impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the AER) in the same compliance category before achieving overall compliance.

⁴ **Directive 019—High Risk Enforcement Action (HREA) (Failure to Comply)**

In accordance with *Directive 019: Compliance Assurance*, the AER initiates an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the AER in an AER Notice of High Risk Noncompliance, HREA, HREA (Persistent Noncompliance), HREA (Demonstrated Disregard), or a previous HREA (Failure to Comply). To address an HREA (Failure to Comply), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance(s) (any suspension of operations must not occur if it will increase the impact or risk to the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance); suspension and/or cancellation of permit, licensee, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the AER) in the same compliance category before achieving overall compliance.

⁵ **Directive 019—Low Risk Enforcement Action (LREA) (Global Refer or AER Order)** In accordance with *Directive 019: Compliance Assurance*, the AER initiates an LREA (Global Refer) against a licensee who failed to comply with the direction of the AER in a Notice of Low Risk Noncompliance. To address an LREA, the licensee must: immediately correct and address the low risk noncompliant event(s) identified by the AER; notify the AER group that it has addressed the low risk noncompliant event(s); and develop, implement, and submit written action plan within 30 calendar days or in the time specified by the AER group; and meet with the AER group to discuss the low risk noncompliant event(s), the licensee's compliance history, or the written action plan. The AER may also apply or require one or more of the following: noncompliance fees, partial or full suspension, suspension and/or cancellation of permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

⁶ **Legislative/Regulatory Enforcement Action**

The AER initiates a Legislative/Regulatory Enforcement Action for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The AER relies upon its statutory and regulatory authority to initiate the enforcement action against the licensee by applying a Refer status against the licensee and possibly issuing an Order (Closure, Miscellaneous, and Abandonment). The AER generally initiates these enforcement actions because of a mineral or surface lease expiry, an environmental and public safety concern, or a failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, and working interest ownership in the property.

Refer Status—Focused or Global

This status indicates a licensee's inability or unwillingness to comply. If applied against a licensee, the AER will consider the status when deciding to approve or deny future and pending applications and may apply conditions for continued operation.

For further information on AER Enforcement Actions, see *Directive 019: Compliance Assurance* or contact the AER Compliance Assurance Section at compliancecoordination@aer.ca.

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